Amendments to the Specification:

Please replace [0054] with the following amended paragraph:

[0054] Incentive applier 208 receives the selected incentives and transaction details from incentive selector 206 and outputs a new total for the transaction. In determining a new total for the transaction, incentive applier 208 uses the loyalty parameters to determine how the selected incentives should be applied. The parameters may indicate, for example, a first incentive of reduce a total for the transaction by 10% and a second incentive of disburse a free product Y. The total redemption value from the selected incentives is then calculated and applied to the original total from the original transaction details. If 10% off $5.00 is used, the total incentives yield a ~~$1.00~~ $0.50 discount and a $5.00 original total will be reduced to ~~$4.00~~ $4.50. A free product Y is also awarded.

Please replace [0080] with the following amended paragraph:

[0080] In step 622, a loyalty application checks loyalty program parameters and calculates the redemption values. As shown in box 624, incentive #1 yields a redemption value of $1.25 and incentive #2 yields a redemption value of $1.50. The value of incentive #1 ~~($1.50)~~ ($1.25) is ~~greater~~ less than incentive #2 ~~($1.25)~~ ($1.50) and thus incentive [[#1]] #2 is deemed to be more valuable.

Please replace [0088] with the following amended paragraph:

[0088] In step 722, the loyalty application checks loyalty program parameters and calculates a value of the incentive redemptions. As shown in box 724, an incentive #1 yields a redemption value of $0.50 and an incentive #2 yields a redemption value of ~~$0.75~~ $1.25. It is determined that incentive #2 is the more valuable incentive.

Please replace [0090] with the following amended paragraph:

[0090] In step 730, a loyalty application sends a calculated incentive value to the ECR for subtraction from the basket total. As shown in box 732, incentive #2 of ~~$0.75~~ $1.25 is calculated for a total incentive of ~~$0.75~~ $1.25.

Please replace [0094] with the following amended paragraph:

[0094] In step 812, a loyalty application compares the product identifiers, the purchase value, and/or available incentives for portable device 110. As shown in box 814, an incentive #1 of 10% off two or more items of product X is determined and combining is allowed. In box 816, an incentive #2 of 50% off ~~two items~~ one item of product X if one item of product Y is purchased is determined and combining is allowed. In box 818, an incentive #3 is determined where a fourth item of product X is free if three items of product X are bought. It also indicates that one free product X has been accumulated and that no combining is allowed. In this case, the accumulation of one free item of product X may have triggered the changing of the incentive from combining is allowed to no combining is allowed. This information would have been written into portable device 120 when the redemption occurred.

Please replace [0096] with the following amended paragraph:

[0096] In this case, the purchase does qualify for the incentive, and in step 824, the loyalty application checks loyalty program parameters and calculates a value for the incentive redemptions. In box 826, an incentive #1 has a redemption value of ~~$1.25~~ $0.75, an incentive #2 has a redemption value of ~~$1.50~~ $1.25, and an incentive #3 has a redemption value of $2.50. Hence, based on redemption value, incentive #3 is deemed the most valuable.